

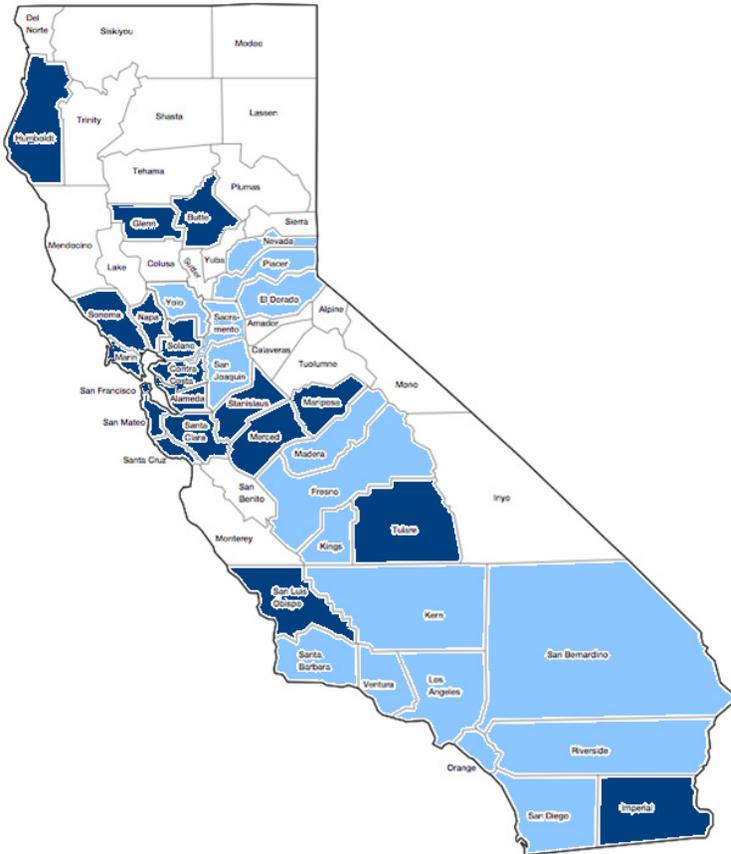
Blue Shield of California

NetValue Plan Update
May 14, 2008

NetValue plan highlights

- NetValue HMO plan offers smaller, more efficient physician network offered side-by-side with current Access+ HMO network
- NetValue providers meet quality standards based on nationally-recognized quality of care measures
- NetValue provides the same comprehensive benefits as the Access+ HMO plan
- The 2008 NetValue Basic premiums provide a rate reduction of 10% as compared to the 2008 Access+ Basic premiums

NetValue service area



 = Access+ Counties

Alameda, Butte, Contra Costa, Glenn, Humboldt, Imperial, Marin, Mariposa, Merced, Napa, San Francisco, San Luis Obispo, San Mateo, Santa Clara, Santa Cruz, Solano, Sonoma, Stanislaus and Tulare

 = NetValue Counties

El Dorado*, Fresno, Kern*, Kings, Los Angeles*, Madera, Nevada*, Orange, Placer*, Riverside*, Sacramento*, San Bernardino*, San Diego*, San Joaquin*, Santa Barbara*, Ventura* and Yolo. * *The NetValue plan is available only in portions of these counties.*

NetValue membership

Total Members Enrolled in NetValue	Access+ HMO Members already seeing a NetValue provider	78,519	77.24%
	Access+ HMO Members who switched from an Access+ provider to a NetValue provider	3,000	2.95%
101,659	Members transferred from other CalPERS Health Plans	20,140	19.81%

Note: Enrollment totals based on membership reporting as-of 3/31/08

NetValue provider network

- 106 of 256 IPAs (41%) in the 17-county service area are in the NetValue network
- As Blue Shield finalizes the NetValue network for 2009, we look to:
 - Minimize member disruption by maintaining network stability whenever feasible
 - Expand the availability of providers in NetValue as appropriate
 - Maintain a premium differential that motivates members to choose the more cost-efficient NetValue network

Utilization/Cost Trends

Blue Shield is reviewing the actual 2008 NetValue utilization and unit costs compared to what was forecasted in the 2008 pricing

- Preliminary results show that the NetValue product is performing close to the 2008 utilization and unit cost projections
- Until more 2008 claims are paid, Blue Shield will not have a more accurate picture of how the NetValue network is performing compared to these preliminary projections

Member satisfaction

- Blue Shield is tracking written and verbal member satisfaction related to appeals, complaints or potential quality issues through the Grievance & Appeals reporting process
- First quarter 2008 data to be shared at the May 14th Health Benefits Committee meeting

2008 member outreach/education activities

Blue Shield continues to reach out to members to provide them with information regarding the NetValue product by:

- Educating members about the NetValue plan during:
 - Healthy Lifestyle Rewards Presentations
 - Wellness Events
 - Retirement Fairs
 - New Hire Orientations
- Providing dedicated websites for HBO's and members, through which they can access NetValue brochures, directories and other information
- Pursuing a variety of strategies to promote NetValue before and during 2009 Open Enrollment

NetValue collateral



Introducing the NetValue HMO plan.

Blue Shield of California is proud to continue serving California Public Employees Retirement System (CalPERS) employees, retirees, and dependents for 2008. You now have a choice of Blue Shield HMO plans – making it easier for you to save on your healthcare coverage. If you are an eligible CalPERS member who lives or works in a covered service area, you can choose to either save money on your health plan rate and enroll in the new Blue Shield NetValueSM HMO plan, or enroll in your current Blue Shield Access+ HMO.[®]

Blue Shield delivers value, quality, and choice:

- Save money on your monthly rates with NetValue HMO
- Choose from two HMO plans – NetValue HMO and Access+ HMO
- The NetValue HMO physician network is smaller than the Access+ HMO network
- **Comprehensive benefits:**
 - \$0 copayments for preventive care and hospitalization
 - \$15 office visit copayment
 - Self-refer to specialists using our Access+ SpecialistSM feature*
- **Value-added services:**
 - Dedicated CalPERS Blue Shield Member Services, 7 a.m. to 7 p.m., Monday through Friday
 - Nurse consultation by phone or online chat available 24/7
 - \$200 cash with Healthy Lifestyle Rewards
 - 25% or more in discounts on massage, acupuncture, and chiropractic care**
- Local doctors and hospitals you trust
- California-based, not-for-profit health plan